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WEEKLY REPORT



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THE SITUATION IN SOUTH VIETNAM

7 July 1965

INTELLIGENCE AND REPORTING SUBCOMMITTEE OF THE INTERAGENCY
VIETNAM COORDINATING COMMITTEE

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THE SITUATION IN SOUTH VIETNAM
(1 July - 7 July 1965)

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(The Weekly Report on the situation in South Vietnam is based on contributions from CIA, DIA, and INR; it is edited and published by CIA without final coordination. A fully coordinated Monthly Report is disseminated on the first Friday of every month.)

THE WEEK IN PERSPECTIVE

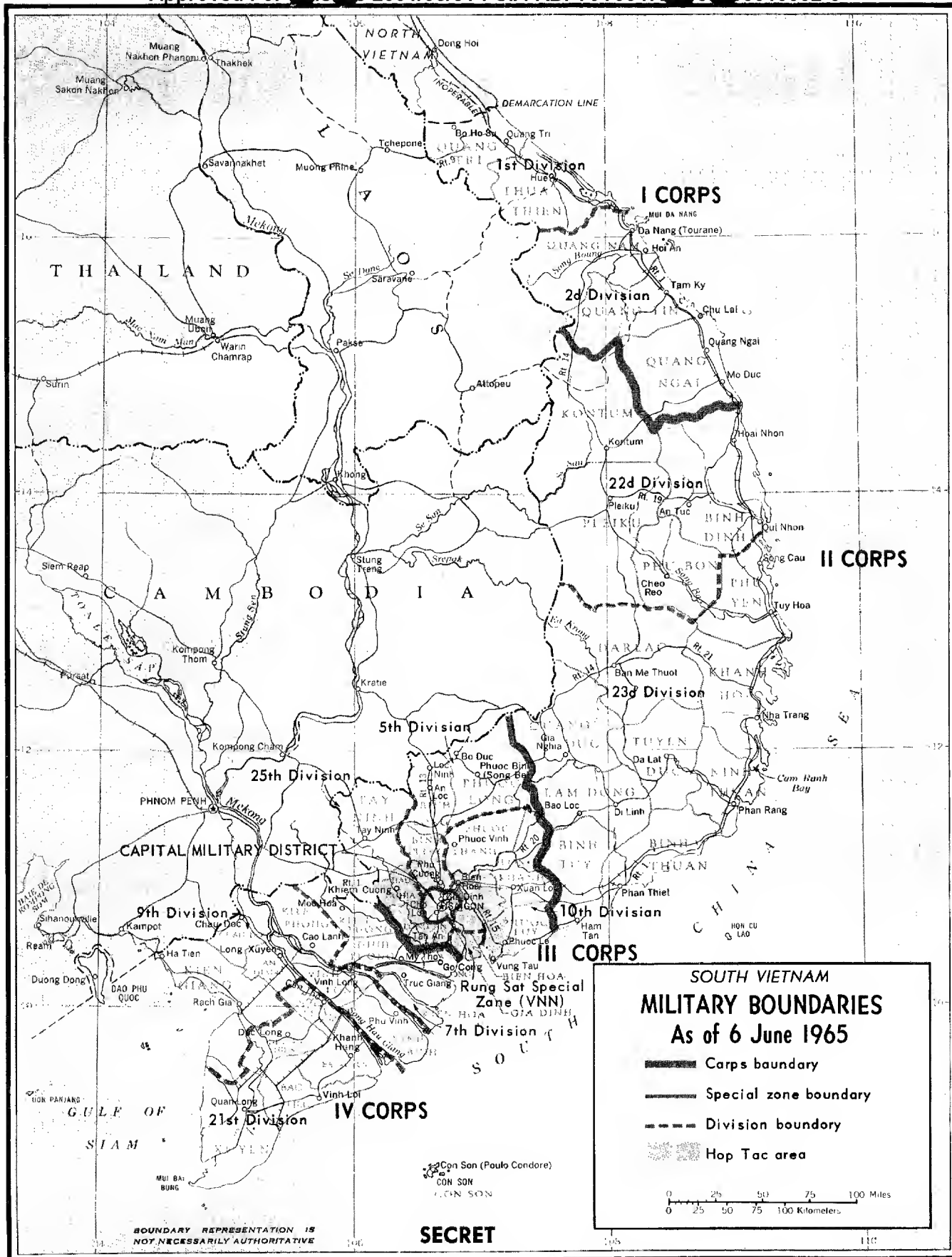
Government leaders continued during the week to emphasize their themes of austerity, anti-corruption, and mobilization of the country's resources behind the war effort. Despite some reported steps to encourage military enlistments and to discourage economic speculation, the government's major administrative action of the week was to backtrack from its announced policy of closing the Saigon vernacular press for the month of July. There has been evidence of some friction within the government over the press issue.

This partial retreat from one area of projected government controls, coupled with reported moves by Premier Ky to enlist the support of the Vietnamese Catholic community, seems to have diminished the initial skepticism of the more militant Catholics toward the new military regime. Accompanying this development, however, are signs of greater apprehension on the part of some influential Buddhist leaders, particularly over the role of Catholic General Thieu, the new chief of state. Recent heckling of Thieu by Buddhist-oriented students in the northern town of Hue may be a forerunner of more open Buddhist opposition.

The Viet Cong are expected to at least maintain--and probably increase--pressure against pockets of government influence and lines of communication, with most of the emphasis in the central highlands. The poor security situation now existing in the highland plateau is expected to grow considerably worse as the Viet Cong tighten their hold over the region, forcing the government to abandon additional districts.

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I. THE SITUATION WITHIN SOUTH VIETNAM

A. POLITICAL SITUATION

1. Political activity during the past week was marked by continued government stress on the themes of austerity, an end to corruption, and the mobilization of resources behind the war effort. Although much of the activity consisted of talking, planning, and threatening, unconfirmed reports indicate that the government has already handed out prison sentences to two economic profiteers and detained a number of violators of the new curfew in Saigon.

2. Premier Ky, meanwhile, has begun to spell out further some of his ideas on mobilizing youth and students. In addition to earlier public statements that youth groups would be employed to help check on business activity and profits, Ky stated in a recent press interview that students would be permitted to set up and operate consumer cooperatives in residential areas. He also indicated that young people would be encouraged to participate in a proposed "front" to liberate North Vietnam, which he described as a "necessary and inevitable" step. In the meantime, the government is introducing various measures to try to increase inductions into the armed forces and to reduce high desertion rates.

3. Premier Ky's primary problems so far have revolved around an order closing down the Saigon vernacular press during the month of July, with the aim of reducing and bringing under control the multiplicity of newspapers in the capital. After considerable government vacillation on the issue, the closure went into effect on 1 July, only to be eased three days later to permit the reopening of all but 13 of Saigon's 36 Vietnamese-language papers. As a result of government backtracking and the representations of journalists pleading hardships, relations among various government officials involved became strained. There are indications that Ky may attempt to make Psychological Warfare Secretary Dinh Trinh Ghinh, the alleged instigator of the press crackdown, a scapegoat in the affair.

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[REDACTED] Ky is suspicious of the political ambitions of National Police Director Colonel Pham Van Lieu, and also of some of his alleged supporters, including the psychological warfare secretary. Ky reportedly intends to keep a sharp eye on Lieu and to thwart some of Lieu's recommended appointments in the security and intelligence fields.

5. There are also indications that Ky is becoming sensitive to the potential political liabilities of the chief of state, General Nguyen Van Thieu. Ky and Thieu, together with certain other leading military and cabinet officials, undertook their first major provincial tour on 30 June to meet local dignitaries in the northern cities of Hue and Da Nang. The highlight of the visit was an unplanned confrontation with Hue's Buddhist-oriented students and other groups demanding an accounting from the two top generals. Thieu, in particular was questioned concerning his past ties with Catholic-sponsored coup attempts and with the Diem regime's Can Lao Party. Ky subsequently remarked that he had been impressed by the extent of Thieu's unpopularity in the Hue area; later in the week Ky appeared alone at another provincial gathering.

6. After noticeable distrust of Ky when he was first tapped for the premiership, militant Catholic priests representing refugee elements from North Vietnam appear to be undergoing a change of attitude. This softening stems not only from Ky's personal efforts to consult with Catholic leaders, but from his reversal of the stringent press order and his reported willingness to consider arming certain Catholic-dominated communities. Another factor in reducing Catholic hostility may be a recent Vatican order establishing the authority of the moderate archbishop of Saigon over the various Vietnamese Catholic factions.

7. Accompanying the easing of the Catholic hostility toward the new military regime are signs of increasing suspicion on the part of the politically powerful Buddhist hierarchy. Despite expressions of enthusiasm over Ky's harsh government programs, including the press crackdown, influential Buddhist leader Thich Tri Quang continues to raise the subject of a potential threat

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from Catholic General Thieu, whom he suspects of having US backing. The Buddhist policy remains officially one of "wait-and-see," but the student confrontation with Thieu and Ky in Hue--in which some local Buddhist leaders admit having had a hand--may have been intended as a warning, and indicates that the Buddhists are leaving the door open for future opposition to the regime.

Economic Situation

8. Transportation problems, with associated commodity shortages and price increases, continue to plague South Vietnam. The rice situation is still serious, with the GVN requesting accelerated delivery of the 50,000 tons promised by the US. In central Vietnam, supply problems are increasingly acute. USOM, MACV, and the newly created GVN Central Supply Committee are working out an emergency airlift to this area.

9. Disrupted communications resulted in a build-up of rubber stocks on plantations, especially in Binh Long. With food supplies running low, French managers are becoming increasingly pessimistic, and have already abandoned two plantations in Phuoc Long that were damaged during the Dong Xoai battle.

10. A short visit by Eugene Black and his party focused attention on economic problems and prospects. In his conversation with Black, Premier Ky requested increased "flexibility" of aid, an expanded primary education program, and early action on urban housing projects.

B. MILITARY SITUATION

1. Despite a decline of incidents last week, the Viet Cong accelerated the campaign to cut lines of communication into and to isolate generally the central highlands area. Viet Cong-initiated incidents sharply increased in II Corps where the military situation is very serious. Despite the slight decrease in activity in the other corps areas, the Viet Cong offensive against district headquarters, observation posts, hamlets, and airfields throughout the country continued unabated. There are no indications that the Viet Cong intend to relax the military pressure. In the light of the somewhat weakened ARVN forces, and the country's new government, which has yet to show strength and maturity, it can be anticipated that acts of sabotage and terrorism will be accelerated in an attempt to crumble morale before the new regime's program of "total war" is implemented. An indication of the seriousness of the security situation in the highlands is the status of the nation's lines of communication. As of 3 July, Route 1 is impassable throughout large stretches of I, II, and III Corps. Route 20 is cut in Lam Dong Province and Route 22 is closed in Tay Ninh Province. Routes 19 and 13 remain closed. Almost all other routes in the nation are subject to Viet Cong interdiction and harassment at any time. The railroad is operable between Dalat and Phan Rang, between Phan Rang and Nha Trang, and between Hue and Da Nang.

2. Airfields in all four corps tactical zones were attacked in an effort to interrupt GVN air operations. A mortar barrage on the Nha Trang field and naval training station on 28 June resulted in the destruction of one C-123 and one VNAF H-34 and damage to two others. Timely intelligence provided by a rallier permitted the prior evacuation of most USAF aircraft from Nha Trang.

Three airfields were attacked on 1 July. Six mortar rounds were fired at the Quang Ngai field without significant damage. Da Nang field was infiltrated by a specially trained VC assault team armed with explosives, small arms, and 57-mm recoilless rifles. Under the cover of mortar fire, the VC destroyed two C-130 and three F-102 aircraft and severely damaged one C-130 and three F-102 aircraft. The Can Tho airfield received inaccurate mortar fire on 3 July. As a result of this activity, increased security precautions have been taken at Bien Hoa, Tan Son Nhut, Da Nang, and other airfields.

A Viet Cong captive from the Da Nang area attack provided more evidence that elements of the 18th Regiment of the PAVN 325th Division is in South Vietnam. He had been assigned to a special mission company from Quang Ngai Province for the Da Nang operation. Since 26 March, four prisoners have been captured or have defected from the 325th Division. It appears likely that the 18th and 101st Regiments of the 325th, and possibly the 95th Regiment, are in South Vietnam.

3. The number of South Vietnamese military operations of battalion size or larger conducted last week declined from 78 to 73, of which 32 resulted in one or more contacts with the Viet Cong. The number of ARVN combat-ineffective units remained unchanged at five regiments, each with two ineffective battalions, and nine other battalions.

The most significant government-initiated action of the week occurred near Cheo Reo where a three-battalion guard-and-escort operation was mounted to evacuate the Thuan Man district town. The task force was heavily attacked on the second day of the operation but--assisted by numerous air strikes--was able to regroup well and to counterattack. The Viet Cong units disengaged under cover of darkness with a reported loss of 123 KIA and five captured. Tou Morong in Kontum Province was not reoccupied due to the presence of strong VC forces in the area, bringing to six the number of district towns abandoned in II Corps. Also in the II Corps, small highway security and repair detachments were overrun in Binh Dinh and Darlac provinces.

COMUSMACV has noted, except in the II Corps area, an improvement in the degree of professionalism and in the results of ARVN-initiated search-and-destroy and large-reaction operations; however, there was no significant improvement in the government's overall military position during the week.

4. Despite the slight decline in Viet Cong-initiated activity, losses for both sides rose sharply. Government casualties were reported as 1,076 (264 KIA) last week. Viet Cong casualties increased to 976 (881 KIA) from 738 (699 KIA) the previous week. The government lost 544 weapons compared to 328 the previous week. The Viet Cong lost 213 weapons compared to 159 lost the previous week.

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C. RURAL RECONSTRUCTION

1. In the II Corps zone, the new corps commander has ordered a review of the Rural Reconstruction program in view of a rapidly deteriorating security situation. Provinces have been directed to review their plans and to report the current state of security in their areas together with data on reconstruction funds allocated and released. Six district towns have been lost to the Viet Cong in this corps zone, and effective control and security in others is marginal. This re-examination could result in recommendations to cancel Rural Reconstruction programs in questionable areas and to shift funds to more promising ones.

2. Refugee relief is receiving increased attention by the Social Welfare Ministry. Commodity distribution to refugees in lieu of cash allowances is now being relied on more by the ministry as a relief measure. Among the items to be distributed are toilet kits, sewing machines, blankets, mosquito netting, and condensed milk. Australia is making a significant contribution of blankets and condensed milk.

3. Saigon/Cholon population and resources control operations during the period 8-21 June produced significant results. Arrests for the period numbered 883--over one-fourth of these were for draft evasion, the largest single category. Family census operations during the same period covered 15,828 houses and 98,575 persons, resulting in 1,416 arrests.

4. In the Hop Tac area, population and resources control operations during the past two weeks netted 45 Viet Cong, 686 draft dodgers, and 1,272 illegal residents.

5. During the period 26 June - 3 July, 1,482 persons returned to government control. Included in this total were 190 military, 28 political cadres, 1,250 civilian refugees, and 14 draft dodgers or deserters. Chieu Hoi returnees have provided advance information on two impending attacks recently. In one instance, early warning of a mortar attack on Nha Trang airfield permitted the evacuation of aircraft at that field; in the other, advance information was given about the attack on Tou Morong district headquarters in Kontum Province that occurred on 25 June.

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6. COMUSMACV reports that in spite of past and current successes, the Chieu Hoi program is being adversely affected by the government's failure to provide a management structure at the national level. Only part of the functions of the former Chieu Hoi ministry have been absorbed by the present Psychological Warfare Secretariat. Work at the former ministry has halted and a policy vacuum has been created.

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II. THIRD COUNTRY DEVELOPMENTS

A. DIPLOMATIC ACTIVITIES

Foreign Minister Tran Van Do on 3 July elaborated the GVN position on Vietnamese international relations and on the settlement of the Vietnam conflict. Referring to an earlier speech in which he had spelled out the GVN's "four points" for settlement of the Vietnamese situation, Do reiterated the GVN position that withdrawal of foreign troops cannot be envisaged until Communist troops and cadres have been withdrawn from South Vietnam and the ensuing peace properly guaranteed. Do further reiterated that the GVN sought peace in freedom and dignity but not peace at any price. Do also rejected the possibility of negotiations with the Viet Cong, stating that this would be tantamount to recognizing rebellion and subversion, to rewarding armed aggression, and to permitting Communists to play the role of the Trojan Horse. Do explained the break in relations with France in conciliatory terms, pointing out that economic and cultural ties remained and that the GVN would continue to protect French citizens and property. In the remainder of his official interview, Do reasserted the GVN's claim to attend the Afro-Asian Conference, and outlined the need of and plans for increased GVN diplomatic activity abroad.

B. FREE WORLD ASSISTANCE

1. NEW ZEALAND

The advance party of the 161st Artillery Battery arrived at Bien Hoa on 7 July. The main body of the 120-man combat unit, which will work in cooperation with the Australian force in South Vietnam, is scheduled to depart from New Zealand on 15 July and to arrive at Bien Hoa on 21 July. At that time the 25 New Zealand engineers now in South Vietnam will be withdrawn.

2. PHILIPPINES

On 5 July President Macapagal told Ambassador Blair that owing to internal political developments and continuing Nacionalista opposition in the Senate, he

would be unable to recertify the SVN aid bill to the Second Special Congressional Session. As an alternative, the chief executive proposed that a volunteer engineer battalion, subsidized by public subscription and the US, be formed and sent to South Vietnam in place of the 2,000-man task force. The US is attempting to persuade Macapagal to recertify the bill in its original form.

3. REPUBLIC OF KOREA

Plans to send a 15,000-man ROK combat division to South Vietnam, at the request of the latter government, were approved at a ROK cabinet meeting on 1 July. President Pak hopes to obtain the authority for sending this unit during a special session of the National Assembly which will convene on 12 July. Current indications are that--if as yet unresolved logistic problems can be eliminated--the assembly will approve the government's plan over the objections of the opposition members.

III. DEVELOPMENTS IN THE BLOC

A. NEGOTIATIONS

1. Hanoi Radio continued to attack the Commonwealth Peace Mission and Prime Minister Wilson this week. On 28 June Hanoi returned the documents outlining the peace mission proposals to the British consul general without a formal reply. The propaganda did not make it entirely clear whether the peace mission would have a better reception if the British dropped out, but it pointedly avoided criticizing the Asian-African members of the proposed mission.

The impression that Hanoi hoped to avoid offending the Afro-Asians was reinforced by a 29 June approach by the North Vietnamese ambassador in Moscow to his Nigerian and Ghanaian counterparts, for the purpose of discussing the Commonwealth Mission. The DRV ambassador reaffirmed that the DRV will not receive the mission as presently constituted but indicated that Hanoi "would be happy" to see the Nigerian prime minister or the president of Ghana, together or separately, but not necessarily as representatives of the Commonwealth. When asked specifically whether Hanoi would receive the mission without Mr. Wilson, the North Vietnamese ambassador reportedly hesitated and said he would refer the matter to Hanoi. The ambassador of Ghana reported that the DRV ambassador said that Ho Chi Minh was considering sending a mission to Ghana and Nigeria to explain the North Vietnamese view on negotiating the Vietnamese war.

The DRV probably made the approach to the Nigerians and Ghanaians in an effort to avoid criticism for refusing to see the Commonwealth Mission and perhaps to separate the African members of the Commonwealth from the British. The initiative appears to be consistent with Hanoi's propaganda and treatment of the mission diplomatically.

2. The Chinese response to the possibility of restructuring the Commonwealth Mission was even more negative than the Vietnamese. It has been reported that during Chou En-lai's conversations in Cairo and Alexandria 19-30 June the Egyptians pressed the Chinese premier for his views on the possibility of reconstituting the mission to exclude the British or to include only

Afro-Asian members of the Commonwealth. Chou reportedly showed no interest and refused to volunteer "any alternative formula or basis for negotiations."

The latest Chinese Communist propaganda blast at the Commonwealth Mission moved Peiping closer to a flat public assertion that US troops must be pulled out before negotiations are possible. A 1 July Commentator article in the People's Daily attacked the Wilson formula because it did not make the withdrawal of US forces a "precondition for peace negotiations."

3. The Chinese Communist representative at the meeting with US officials in Warsaw on 30 June took the standard Chinese line on not only the Wilson mission, but the Indian proposal and the 17-nation appeal. The meeting was routine except for occasional outbursts of tough and intemperate language from the Chinese ambassador, who claimed that the US was committing aggression not only against Vietnam, but was "also posing a threat to China every day." The ambassador referred to all talk of peace as a "hoax" and a "swindle."

4. Soviet leaders continue to stress that a cessation of US air strikes is a necessary prelude to any Vietnam negotiations as well as to any significant improvement in Soviet-US relations. Repeating a familiar theme, Premier Kosygin told the Italian ambassador on 30 June that US actions in Vietnam had "spoiled" the intentions of the present Soviet leadership to maintain and develop constructive relations with the US. He reaffirmed once again Moscow's support for Hanoi's four points as a basis for a Vietnam settlement, but implied that talks might be possible if US air strikes were stopped.

B. INTERVENTION

A renewed threat to bring in foreign volunteers for Communist forces in South Vietnam was issued by the NFLSV radio on 30 June. The broadcast was pegged to the recent joint US/South Vietnamese search-and-destroy operation conducted against the Viet Cong's War Zone D. It repeated the Front's 9 June warning that the use of US troops in combat in South Vietnam "gave the Front the right to call for help from the armed forces of the North and friendly countries." According to the 30 June

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NFLSV broadcast, this "warning will not be limited to words if the US continues to expand and intensify the war." Both Hanoi and Peiping broadcast the essential elements of the 30 June Front warning.

C. MILITARY

1. A fifth surface-to-air missile site in the Hanoi area has been identified by preliminary analysis of high-altitude photography of 4 July. The site, located about ten nautical miles northeast of Hanoi, is in the middle stages of construction. Photography also reveals that unidentified equipment is present at the SAM site east of Hanoi. This site is probably complete and could be receiving some of its complement of SAM equipment. No SAM equipment has been positively identified at any of the sites although the first site, south-southeast of Hanoi, was apparently partially equipped when last photographed in late May.

The relatively slow pace of construction of these SAM sites suggests that the Soviets are not attempting to achieve an early operational capability. Once construction is complete, however, the entire system could achieve an operational capability within a few days at most.

2. A new airfield is believed to be under construction in China near the North Vietnamese border. A photo mission of 2 July revealed what appears to be an airfield in an early stage of construction at Tienyang, about 55 nautical miles from the border. The runway appears to be about 9,000 feet long. This is the fourth new airfield constructed near the DRV border since last fall--one is on the northern end of Hainan Island, a second is near the east coast near the rail depot at Pinghsiang, a third is on the northwestern border near Mengtzu, and the newest one is about midway between Pinghsiang and Mengtzu.

D. NORTH VIETNAM INTERNAL

1. Hanoi announced the creation of a new mass organization of "volunteers" on 7 July. In an effort to stimulate a sense of patriotism and participation in the war effort among the youth of North Vietnam, Premier Pham Van Dong called for the formation of a "Brigade of

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Young Volunteers to Fight US Aggression for National Salvation." This brigade will be composed largely of young Vietnamese who will form an elite corps, consisting of "politically awakened young working people, having a closely knit organization and strict discipline and courage in production as well as in fighting against the enemy in order to meet the urgent needs of the country." Although the formation of the brigade was announced only on 7 July, Hanoi Radio is already boasting that recruitment plans in "most localities" have been overfulfilled.

2. Hanoi propaganda is now charging that the bombing raids against the DRV are focused on civilian population centers. Last week the DRV protested the alleged bombing of a leper sanatorium in Nghe An Province, and this week the bombing of the oil storage depots at Nam Dinh on 2 and 4 July have been depicted as an indiscriminate attack on civilian population centers. Although the Nam Dinh bombing is labeled "a dangerous step forward in the escalation of the war and a challenge to the socialist countries," the DRV has not threatened any retaliation or countermeasures for the raid.

3. Hanoi propaganda has alluded several times recently to the favorable spring rice crop produced this year in the DRV. This crop amounts to about one-third of the DRV's total yearly rice production. On 2 July Hanoi Radio claimed that the spring rice crop was 54,000 tons more than the comparable crop in 1959, "the peak year to date." US analysis of agricultural production in North Vietnam so far this year, which is based on prevailing climatic conditions and reports of acreage under cultivation, tends to substantiate the DRV propaganda claims.

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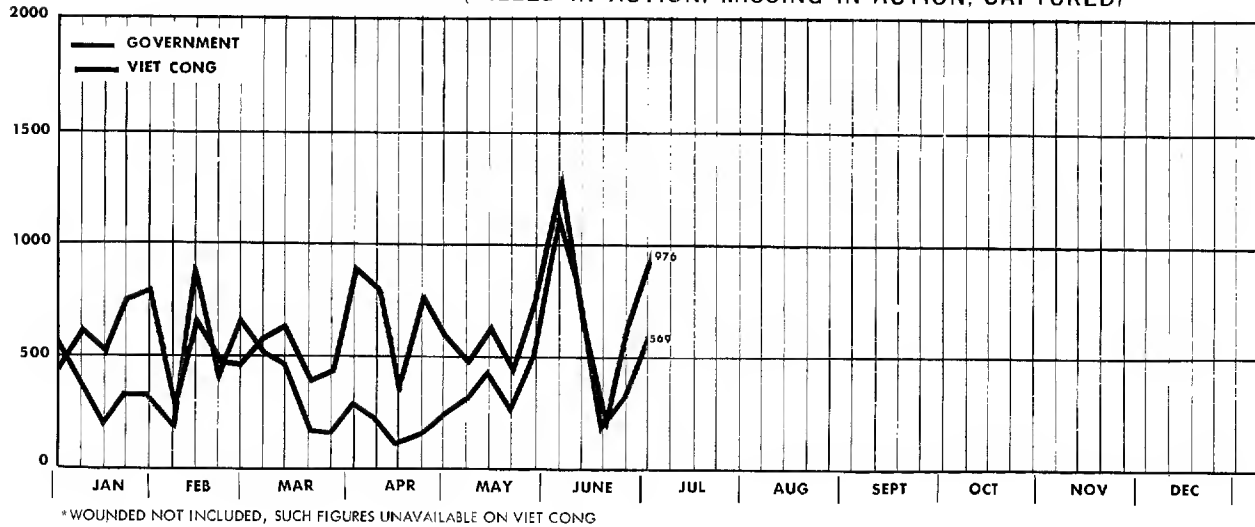
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SOUTH VIETNAM BATTLE STATISTICS, 1965

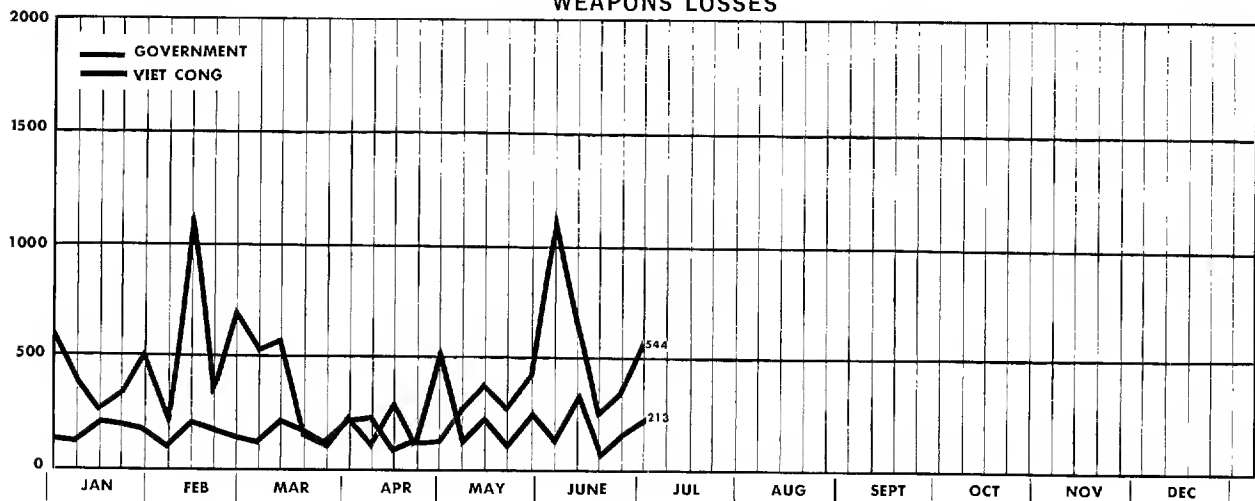
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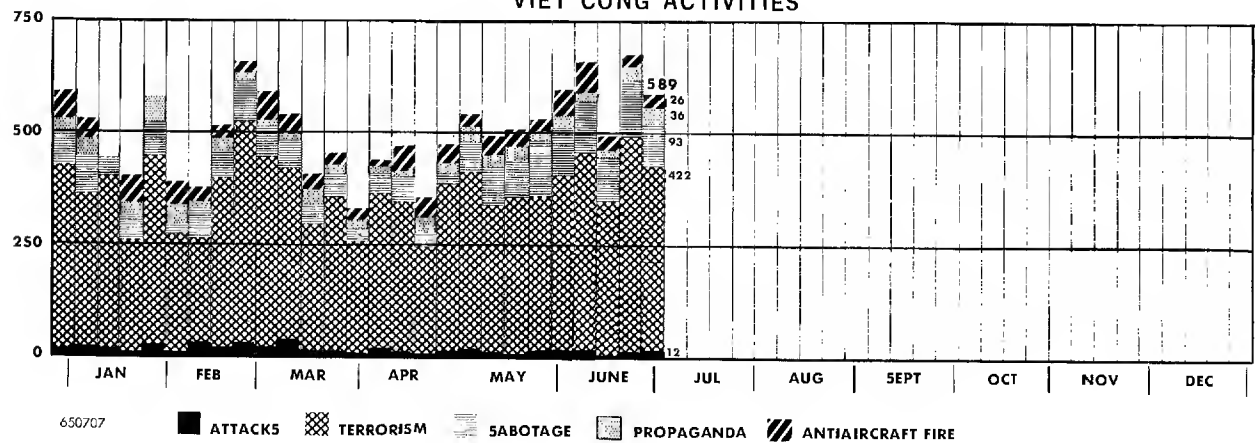
PERSONNEL LOSSES (KILLED IN ACTION, MISSING IN ACTION, CAPTURED)



WEAPONS LOSSES



VIET CONG ACTIVITIES



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